

HAHN AND ASSOCIATES, INC.
ENVIRONMENTAL CONSULTANTS

May 13, 2011

Mr. Dana Bayuk
Oregon Department of Environmental Quality
Northwest Region, Portland Office
Portland Harbor Section
2020 SW Fourth Avenue, Suite 400
Portland Oregon 97201-4987

HAI Project No. 2708
DEQ ECSI File No. 84

SUBJECT: Progress Report, NW Natural Gasco Property, 7900 NW St. Helens Avenue, Portland, Oregon

Dear Mr. Bayuk:

Hahn and Associates, Inc. (HAI) has prepared this monthly Progress Report summarizing Remedial Investigation/Feasibility Study (RI/FS) and source control-related work activities conducted by NW Natural that have occurred relating to the Gasco property during the month of April 2011. NW Natural is completing upland investigatory activities at the subject property under the Voluntary Agreement No. ECVV-WMCVC-NWR-94-13 (Voluntary Agreement) between NW Natural and the Oregon Department of Environmental Quality (DEQ).

1.0 Communications and Document Submittals

In e-mail correspondence dated April 8, 2011 (Dana Bayuk to Ben Hung), DEQ provided comment on the naming of the groundwater source control design document under preparation by NW Natural. The correspondence also approved submitting the design document to DEQ on or before May 9 to facilitate Siltronic review of the document prior to submittal to DEQ.

In e-mail correspondence dated April 14, 2011 (Ben Hung to Dana Bayuk), NW Natural made a request to DEQ that the regularly scheduled monthly project team meeting be cancelled due to a lack of outstanding actionable topics. The correspondence also requested DEQ feedback on the March 17 risk assessment meeting summary as prepared by NW Natural and provided to DEQ on March 23, 2011. NW Natural reminded DEQ that the second set of risk assessment-related deliverables (pending) requires DEQ feedback on the March 17 risk assessment meeting summary document before it can be finalized, so NW Natural proposed that this deliverable be provided within 10 business days of receiving that feedback.

In e-mail correspondence dated April 14, 2011 (Dana Bayuk to Ben Hung), DEQ provided concurrence with cancelling the regularly scheduled April project team meeting. Further, DEQ agreed with NW Natural's proposal to submit the second set of risk assessment deliverables within 10 days of receiving DEQ feedback on the March 17, 2011 meeting summary document.

In e-mail correspondence dated April 20, 2011 (Dana Bayuk to Rob Ede), DEQ provided acknowledgement of NW Natural's April 18, 2011 voice-mail notification of field activities related to Doane Creek surface water sampling planned to occur on April 21, 2011, assuming target weather conditions are achieved.

In e-mail correspondence dated April 28, 2011 (Dana Bayuk to John Edwards), DEQ notified NW Natural that it will not be commenting on the "Segment 2 Capture Zone Field Test Report, Gasco Sediments Site", dated March 2011. Instead, DEQ stated an expectation that field test results would be integrated into the pending groundwater source control design documents for review by DEQ.

In e-mail correspondence dated April 29, 2011 (Dana Bayuk to John Edwards), DEQ provided notice to NW Natural that components to collect and treat potential air discharges should be added to the water treatment design to be included in the groundwater source control design documentation under development.

In e-mail correspondence dated April 29, 2011 (John Edwards to Dana Bayuk), NW Natural provided confirmation that the source control groundwater treatment system design includes vapor phase treatment of anticipated discharges from the air strippers.

2.0 Field Work

Field activities related to monitoring and maintenance of the dense non-aqueous phase liquid (DNAPL) extraction system at surficial fill well locations MW-6-32 and MW-13-30 occurred during April. The system recovered approximately 69 gallons of fluids (primarily DNAPL) during April. Additionally, DNAPL within the sump at the PW-01-80 well location (measured as 1.9 feet in thickness) was manually removed on April 15, 2011. The recovered DNAPL (approximately 1.9 gallons) was placed in a secured 55-gallon drum for subsequent re-refining.

Discharge of treated water (groundwater from the LNG containment basin) to the City of Portland sanitary sewer was initiated on March 16, 2007 under Temporary Wastewater Discharge Permit 500.022 (expires February 15, 2012). Results of NW Natural's effluent sampling are provided to BES in Discharge Monitoring Reports that are submitted for any month that effluent sampling occurs – which is at least every other month in accordance with the permit. As of March 31, 2011, a total of 6,705,030 gallons of treated water have been discharged to the sanitary sewer in 2011.

The wet season-no rain surface water sampling event within Doane Creek was completed by HAI on behalf of NW Natural on April 21, 2011. The Doane Creek surface water sampling was completed as part of NW Natural RI activities related to the Siltronic property as described in the October 19, 2007 *Final RI Workplan, Historical MGP Activities, Siltronic Corporation Property*.

3.0 Anticipated Activities in May and June 2011

NW Natural is preparing the second of two sets of Risk Assessment-related deliverables as discussed during the March 17 meeting with DEQ and as summarized in the draft Meeting Summary document. These deliverables will be submitted to DEQ within 10 business days of receiving DEQ feedback on the March 17, 2011 risk assessment meeting summary.

NW Natural is working on an update to the beneficial use determination for groundwater and anticipates submittal of this document to DEQ in May, pending receipt of water use plans from adjacent property owners.

NW Natural is working on the groundwater source control design, with the design document to be submitted to DEQ for review in May (submitted May 6, 2011).

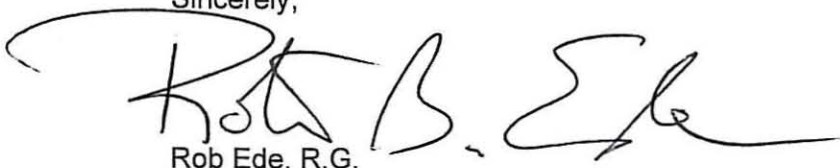
Wet season-rain event surface water sampling within Doane Creek, as part of NW Natural RI activities related to the Siltronic property, is anticipated to occur during May, weather dependent.

The following reports and work plans on the Site have been submitted to DEQ through the end of April that have not yet received DEQ review and comment.

- Source Control Evaluation Report, "Segment 3" Siltronic Property Related to NW Natural "Gasco" Site, February 19, 2009, Anchor QEA.
- Evaluation of potential method produced biases associated with available cyanide method OIA-1677, August 14, 2009, Anchor QEA.
- Gasco Upland – Proposal on Risk Methods, June 21, 2010, Anchor QEA.
- Intent to dispose of non-hazardous petroleum-contaminated IDW soils generated by NW Natural on the Siltronic Corporation property, August 5, 2010, HAI.
- Recommendations for cyanide testing at the Gasco Site, August 17, 2010, Anchor QEA.
- Remedial Investigation Data Summary Report, Historical Manufactured Gas Plant Activities, Siltronic Corporation Property, March 31, 2011, HAI.

Should you have any questions, please contact the undersigned.

Sincerely,



Rob Ede, R.G.
Principal

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- c:
- Ms. Sandra Hart, NW Natural (electronic only)
 - Mr. Bob Wyatt, NW Natural (electronic only)
 - Ms. Patty Dost, Pearl Legal Group PC (electronic only)
 - Ms. Sarah Riddle, Pearl Legal Group PC (electronic only)
 - Mr. Carl Stivers, Anchor QEA, L.L.C. (electronic only)
 - Mr. John Edwards, Anchor QEA, L.L.C. (electronic only)
 - Mr. Ben Hung, Anchor QEA, L.L.C. (electronic only)
 - Mr. Ryan Barth, Anchor QEA, L.L.C. (electronic only)
 - Mr. Henning Larsen, DEQ NW Region (electronic only)
 - Mr. Tom Gainer, DEQ NW Region (electronic only)
 - Mr. Tom McCue, Siltronic Corporation (electronic only)
 - Ms. Kristine Koch, Region 10 EPA (electronic only)
 - Mr. Sean Sheldrake, Region 10 EPA (electronic only)
 - Mr. Rene Fuentes, Region 10 EPA (electronic only)
 - Mr. Eric Blischke, Region 10 EPA (electronic only)
 - Mr. Chip Humphrey, Region 10 EPA (electronic only)
 - Mr. Lance Peterson, CDM, Inc. (electronic only)